

Responses to Inquiries
RFP 08-05
Commodity Investment Manager(s)

1. On page 37, it requires that the Respondent be an SEC registered investment advisor OR exempt from registration. Our firm does not serve in an investment advisor / manager capacity. As such, we are not registered with the SEC nor have we ever been required to seek exemption from registration for the type of business we conduct. Would we still meet the minimum qualifications for this RFP?
 - ❖ Although PERF reserves the right to enter into a relationship / product other than listed in the RFP, it is the intent to hire an investment manager(s) whom is(are) registered with the SEC via contract.
2. Is it an absolute requirement that the vendor selected by PERF enter into the Investment Manager Contract?
 - ❖ Although PERF reserves the right to enter into a relationship / product other than listed in the RFP, it is the intent to hire an investment manager(s) whom is(are) registered with the SEC via contract.
3. Could the RFP refer to an investment in a Long-Only Limited Partnership which invests in Commodities?
 - ❖ The intent of the RFP is to search long only separate accounts and not limited partnership vehicles.
4. Would the Retirement fund be willing to invest with a Fund which maintains performance fees in addition to a management fee?
 - ❖ Fees will be negotiated however typically PERF would not engage in performance fees for this type of mandate.
5. Are there any requirements for the prospective fund's liquidity?
 - ❖ No liquidity requirements have been set.
6. Is Indiana PERF looking for an investment in "Commodities" or in "Commodities related Equities"?
 - ❖ Indiana PERF is primarily looking for an investment in Commodities directly and not Commodity related equities.
7. Will PERF consider variations of the Dow Jones AIG Commodity Index or the S&P 500 GSCI Commodity Index such as an equally weighted sector benchmark; will a response with an equally weighted sector benchmark be considered?
 - ❖ Although PERF specified DJAIG and GSCI in the RFP, we will entertain variations of these indices.
8. Would PERF consider a more diversified inflation protection approach that seeks long-term returns consistent with CPI+5%?
 - ❖ This RFP is intended for Commodities and not other inflation protected asset classes.
9. We submitted a response to several PERF RFP's earlier in the year and wanted to ask if the Investment Management Contract that is included with the RFP has been modified?
 - ❖ The investment contract is essentially the same.

10. Do you prefer a certain level of tracking error for active management with respect to the index?
 - ❖ Exact tracking error has yet to be determined and will depend on several factors.
11. Would you allow shorting of individual commodities while maintaining the tracking error limitation?
 - ❖ As expressly written in the RFP, this is a long only mandate.
12. Would you allow investment in commodities not in the index (If the DJ-AIG Index was selected would it be acceptable to generate alpha from the GSCI components, i.e. Brent)?
 - ❖ It is possible that certain commodities outside of the index may be allowed depending on liquidity and other factors.
13. Will you consider a submission using the S&P GSLE Commodity Index as a benchmark? And if so, which benchmark of the three options would be preferable?
 - ❖ Although PERF specified DJAIG and GSCI in the RFP, we will entertain variations of these indices.
14. In your mandatory minimum qualifications section of the RFP, you state the Respondent must be a SEC-registered investment advisor and have a minimum of \$1 billion in total commodity strategy assets. Do all these assets have to be exclusively managed through our SEC-registered investment advisor? My organization is a global commodity asset management company. Do the assets my team manages in Europe through the same strategy I would propose for PERF qualify under your mandatory minimum qualification rules?
 - ❖ The intent of the RFP was for the minimum AUM to all be under the SEC-registered investment advisor mandate.
15. Your mandatory minimum track record for a proposed strategy is 2 years. Can I offer a commodity investment strategy which is based on an enhanced commodity indexing strategy that has been public since February 2007 and we have managed commodity mandates in separate accounts based on this enhanced indexing strategy since June 2007?
 - ❖ The minimum requirement is 2 years.
16. Is it possible to receive Indiana PERF's Investment Policy Statement (IPS)?
 - ❖ http://www.in.gov/perf/files/perf_investment_policy.pdf
17. We currently have only one Commodities product which is benchmark unconstrained. We currently do not manage any portfolios against either the Dow Jones AIG Commodity Index or the S&P GSCI Commodity Index. When necessary for comparative purposes, we will use the simple average of the four main commodity indices as our benchmark. That being said, we are willing to measure our performance against whichever benchmark Indiana PERF chooses. Per the language set forth below, do we need to submit separate proposals against each of the stated indices, as they will be virtually identical given our management style?
 - ❖ Respondents may submit their product against either the Dow Jones AIG or the GSCI. If a respondent feels their particular product fits either of those benchmarks better than the other, they should submit according to that benchmark.
18. The Respondent has partial ownership of an affiliate ("Affiliate") that provides all Active Commodities Strategies for Respondent. Although Respondent will be the contracting party with PERF, Respondent will enter into a sub-advisory contract with Affiliate in connection with the management of this Active Commodities Strategy for PERF. Does PERF consider Affiliate as a sub-contractor for purposes of this RFP?
 - ❖ If the Respondent has a controlling ownership interest in the Affiliate, then it would not be considered a subcontract arrangement. In this situation please describe the ownership arrangement and explain the relationship between the Respondent and the Affiliate.

19. The Respondent has a newly executed IMA in place with PERF. Would PERF be willing to amend the Investment Objectives of this existing IMA to add this new strategy as opposed to entering into a new IMA?
- ❖ A new Investment Manager Agreement would need to be entered no matter the current relationship to Indiana PERF.
20. Question 3 on Exhibit D requires that the Respondent must be directly responsible for the management of this account and all personnel responsible for the account must be employees of the firm. A Relationship Manager responsible for the account will be an employee of Respondent, but the day to day investment management of the account will be vested with the employees of Affiliate. In light of the requirements of this Minimum Qualification, is this arrangement acceptable to PERF?
- ❖ As long as the Respondent is responsible for the management of the account and all personnel responsible for the account are employees of the firm, the minimum qualification is met.
21. Section 1.6, Joint Bids/Subcontracting, states "the Respondent must obtain the approval of PERF before subcontracting any portion of the project's requirements." We would appreciate knowing how our Firm should go about obtaining approval for the use of a subcontractor during this procurement.
- ❖ It is not necessary to have PERF's approval to submit a subcontractor in the Response. A copy of the subcontract agreement or a letter of agreement over the official signatures of the firms involved must accompany each Response. It would be necessary to obtain approval for a subcontractor after the original agreement with PERF was executed.